

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Marblehead Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: September 26, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The schedule reflects annual 8.0% appropriation increases to FY37 with a final amortization payment in FY38. Although this schedule is acceptable, we generally recommend adopting schedules that complete the amortization of the unfunded liability by FY35. However, we note that the revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption, and this is the reason the length of the prior schedule was extended two years.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Marblehead Retirement System
January 1, 2016 Actuarial Valuation

Total appropriation increases 8.0% each year through FY37 with a final amortization payment in FY38

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Amort.</u> <u>of UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% increase</u>
2017	1,559,925	1,677,927	3,237,852	47,615,272	
2018	1,630,121	1,866,759	3,496,880	49,382,646	8.0%
2019	1,703,477	2,073,154	3,776,631	51,079,578	8.0%
2020	1,780,133	2,298,628	4,078,761	52,681,907	8.0%
2021	1,860,239	2,544,823	4,405,062	54,162,025	8.0%
2022	1,943,950	2,813,517	4,757,467	55,488,493	8.0%
2023	2,031,428	3,106,636	5,138,064	56,625,599	8.0%
2024	2,122,842	3,426,267	5,549,109	57,532,885	8.0%
2025	2,218,370	3,774,668	5,993,038	58,164,614	8.0%
2026	2,318,197	4,154,284	6,472,481	58,469,192	8.0%
2027	2,422,516	4,567,764	6,990,280	58,388,526	8.0%
2028	2,531,529	5,017,973	7,549,502	57,857,319	8.0%
2029	2,645,448	5,508,015	8,153,462	56,802,297	8.0%
2030	2,764,493	6,041,246	8,805,739	55,141,354	8.0%
2031	2,888,895	6,621,303	9,510,198	52,782,615	8.0%
2032	3,018,895	7,252,119	10,271,014	49,623,410	8.0%
2033	3,154,745	7,937,950	11,092,695	45,549,138	8.0%
2034	3,296,709	8,683,402	11,980,111	40,432,027	8.0%
2035	3,445,061	9,493,459	12,938,520	34,129,773	8.0%
2036	3,600,089	10,373,513	13,973,601	26,484,037	8.0%
2037	3,762,093	11,329,397	15,091,489	17,318,814	8.0%
2038	3,931,387	6,438,623	10,370,010	6,438,623	-31.3%
2039	4,108,299		4,108,299	0	-60.4%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost includes expenses of \$235,000 and is assumed to increase 4.5% per year

FY17 appropriation maintained at same level as the current schedule.